Message Text

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TO SECSTATE WASHDC IMMEDIATE 1670

UNCLAS SECTION 1 OF 2 USUN 3952

DEPT PLEASE PASS TO SECRETARY

FOR THE SECRETARY KISSINGER FROM AMBASSADOR MOYNIHAN

E.O. 11652: N/A

TAGS: PFOR, ENG, UNGA

SUBJ: NY TIMES STORIES ON SPEECH TO 7TH SPECIAL SESSION

OF UNGA

1. FOLLOWING IS TEXT OF FRONT PAGE ARTICLE IN NEW YORK TIMES, SEPTEMBER 2, ON SPEECH TO 7TH SPECIAL SESSION:

QTE: KISSINGER OFFERS POOR LANDS LINKS TO RICHER NATIONS

THE UNITED STATEW, RESPONDING TO DEMANDS FROM DEVELOPING COUNTRIES FOR RADICALLY NEW WAYS TO BRIDGE THE CHASM BETWEEN THEM AND THE RICH NATIONS, OUTLINED A BROAD SET OF SPECIFIC PROPOSALS FOR COOPERATION HERE TODAY.

THE PROPOSALS, PREPARED BY SECRETARY OF STATE KISSINGER IN LONG CONSULTATIONS WITHIN THE ADMINISTRATION AND WITH FOREIGN GOVERNMENTS, WERE PUT FORWARD AT THE OPENING OF A SPECIAL SESSION OF THE GENERAL ASSEMBLY DEVOTED TO THE PROBLEMS OF DEVELOPMENT AND ECONOMIC COOPERATION.

WITH MR. KISSINGER IN THE MIDDLE EAST, THE ADDRESS CONTAINING THE PROPOSALS WAS READ BY THE CHIEF AMERICAN DELEGATE, DANIEL P. MOYNIHAN. HE SAID THAT THE KISSINGER MESSAGE WAS FULLY BACKED BY PRESIDENT FORD.

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\$10-BILLION LOANS PROPOSED

THE PROPOSALS INCLUDE THE FOLLOWING:

THE CREATION WITHIN THE INTERNATIONAL MONETARY FUND OF A FINANCING AGENCY THAT WOULD LEND DEVELOPING COUNTRIES UP TO \$10-BILLION IN THE AMOUNT OF \$2.5Q-BILLION OR MORE A YEAR TO SUSTAIN THEIR DEVELOPMENT PROGRAMS IN THE FACE OF FLUCTUATIONS IN DEMAND FOR THEIR EXPORTS, CHIEFLY RAW MATERIALS.

THE ESTABLISHMENT OF AN INTERNATIONAL INVESTME*JUP)+@A,FT*HP"N>1,CHQ?U*"RS*0QWW"#J;N(@)H _KQ?AW5QY)-CA-(7*)8\$P/DH(

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TO SECSTATE WASHDC IMMEDIATE 1671

UNCLAS SECTION 2 OF 2 USUN 3952

DEPT PLEASE PASS TO SECRETARY

FOR SECRETARY KISSINGER FROM AMBASSADOR MOYNIHAN

2. FOLLOWING IS TEXT OF LEONARD SILK'S ARTICLE IN NEW YORK TIMES, SEPTEMBER 2, ON SPEECH TO 7TH SPECIAL SESSION:

QTE: CONCILIATORY KISSINGER MESSAGE AIMS TO SOFTEN RICH-POOR CONFLICT

SECRETARY OF STATE KISSINGER'S MESSAGE TODAY TO THE SEVENTH SPECIAL SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY REPRESENTS AN IMAGINATIVE AND INDEED HIGHLY INGENIOUS DEVELOPMENT OF UNITED STATES FOREIGN ECONOMIC POLICY.

THE TASK THAT MR. KISSINGER AND HIS AIDES FACED WAS TO PRODUCE A MAJOR POLICY STATEMENT THAT SECRETARY OF THE TREASURY WILLIAM E. SIMON AND HIS AIDES COULD ACCEPT.

SCOFFERS MAY SAY THAT THE RESULT RESEMBLES ONE OF THE DR. DOOLITTLE'S FANTASTIC ANIMALS, THE PUSH-ME-PULL-YOU OR A MEDIEVAL "CAMELEOPARD"--HALF CAMEL, HALF LEOPARD. IF REPORTS OF PAST CONFLICTS BETWEEN THE STATE DEPARTMENT AND

THE TREASURY ARE TO BE CREDITED, THE APPROPRIATE ANIMALS NOW BEING MARRIED MIGHT BETTER BE COMPARED TO THE BABOON AND THE LEOPARD OR THE SNAKE AND THE MONGOOSE.

CONCORDAT ON POLICY STRESSED

MR. KISSINGER'S MESSAGE GOES OUT OF ITS WAY TO STRESS UNCLASSIFIED UNCLASSIFIED

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THE CONCORDAT NOW REACHED BY STATE AND TREASURY ON FOREIGN ECONOMIC POLICY. MR. KISSINGER SPECIFICALLY STATES THAT "TREASURY SECRETARY SIMON, WITH WHOM I HAVE WORKED CLOSELY ON OUR PROGRAM, WILL DISCUSS IT TOMORROW IN RELATION TO THE WORLD ECONOMY." MR. SIMON'S SPEECH WILL BE DELIVERED HERE TO THE JOINT MEETING OF THE INTERNATIONAL MONETARY FUND AND THE WORLD BANK--AGENCIES THAT WOULD PLAY A SIGNIFICANT ROLE IN THE DESIGN LAID OUT BY SECRETARY KISSINGER.

TREASURY SECRETARY SIMON, INTERVIEWED HERE, SAYS THE KISSINGER MESSAGE, WHICH WAS READY BY DANIEL P.
MOYNIHAN, THE CHIEF
UNITED STATES DELEGATE AT THE UNITED NATIONS, WAS
"DEVELOPED JOINTLY," AND THAT HE WOULD BE STRESSING OTHER
ASPECTS IN HIS SPEECH TOMORROW.

MR. SIMON DID NOT ATTEMPT TO CLOAK THE DIFFICULTIES OF MARRYING THE TREASURY TO THE STATE DEPARTMENT POSITION.

"THE MISSIONS OF THE STATE DEPARTMENT DIFFER FROM OUTS."

HE SAID, "AND WHAT HENRY AND I DO IS RECONCILE THE DIFFERENCES."

"WHEN DIFFERENCES CANNOT BE COMPROMISED." SAID MR. SIMON,
"WE TAKE THEM TO THE PRESIDENT TO RESOLVE." BUT HE ADDED
THAT THIS WAS NOT NECESSARY IN THIS CASE, NOR IN LAST
WINTER'S SUCCESSFUL AMERICAN EFFORT TO ESTABLISH A "SOLIDARITY
FUND" OR "SAFETY NET" OF \$25-BILLION TO AID OIL-IMPORTING
INDUSTRIAL COUNTRIES FACED WITH SERIOUS PAYMENTS PROBLEMS.

SIGNIFICANT ECONOMIC COST

THE BASIC MISSION OF THE STATE DEPAQRTMENT IS DIPLOMATIC-IT SEEKS, IF POSSIBLE, TO PRESERVE THE PEACE AND TO PROTECQT AMERICAN SECURITY INTERESTS. THIS TENDS TO MAKE THE DEPARTMENT EXTREMELY SENSITIVE TO ISSUES THAT THREATEN THE PEACE, EVEN WHEN RESOLVING THESE ISSUES MAY INVOLVE SIGNIFICANT ECONOMIC COST TO THE UNITED STATES. THE STATE DEPARTMENT TENDS TO BE PRAGMATIC AND WHEN POSSIBLE ACCOMMODATORS IN MEETING THE DEMANDS OF OTHER NATIONS OF DIFFERENT POLITICAL AND ECONOMIC IDEOLOGIES.

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THE TREASURY DEPARTMENT FOCUSES ON ECONOMIC RATHER THAN DIPLOMATIC OBJECTIVES. IT TENDS TO BE MORE RESPONSIVE TO DOMESTIC ECONOMIC PRESSURES WITHIN THE UNITED STATES. INTERNATIONALLY, TREASURY POLICY HAS BEEN FOR SOME TIME AIMED AT INCREASING TRADE LIBERALIZATION AND WORLD ECONOMIC INTEGRATION. IT HAS SOUGHT MEANS OF INCREASING OPPORTUNITIES FOR AMERICAN MULTINATIONAL CORPORATIONS AND BANKS TO GO SAFELY AND DO BUSINESS WHERE THEY WILL.

COMBINING THESE TWO APPROACHES TO THE STATE DEPARTMENT POLICY AIMED AT BEING CONCILIATORY AND ACCOMMODATIVE TO THE DEVELOPING NATIONS WHO HAVE BEEN DEMANDING A "NEW ECONOMIC ORDER" WITH THE TEASURY'S GOAL OF AN OPEN, NON-DISCRIMINATORY, LIBERAL WOLRLD ECONOMIY HOAS BEEN NO EASY TASK.

IN FACT, PARTS OF THE KISSINGER MESSAGE STILL SOUND AS THOUGH THE CAMEL HAD SUCCEEDED IN HAVING HIS DRAFT SURVIVE WHILE THE LEOPARD GOT HIS WORDS IN LATER.

FOR INSTANCE, IN ONE SECTION THE KISSINGER MESSAGE STATES THAT PRICE STABILIZATION FOR THE RAW MATERIALS AND COMMODITIES OF THE DEVELOPING COUNTRIES IS "NOT GENERALLY A PROMISING APPROACH," AND THAT "FOR MANY COMMODITIES IT WOULD BE DIFFICULT TO ACHIEVE WITHOUT SEVERE RESTRICTIONS ON PRODUCTION OR EXPORTS AND EXTREMELY EXPENSIVE BUFFERE STOCKS."

BUT LATER THE MESSAGE CALLS FOR SPECIAL TREATMENT OF THE DEVELOPING COUNTRIES THROUGH A VARIETY OF MEANS, SUCH AS TRADE PREFERENCES, FAVORABLE CONCESSIONS AND EXCEPTIONS THAT REFLECT THE CONOMIC STATUS OF THE POOR.

I.M. F. FINANCING URGED

THE MESSAGE ALSO CALLS FOR CREATING BUFFER STOCKS, "WHERE VOLATILE DEMAND IS COMBINED WITH LIMITED ABILITY TO MAKE SHORT-TERM INCREASES IN PRODUCTION." THIS APPLIES PARTICULARLY, MR. KISSINGER SAID, TO FOODSTUFFS. HE PROPOSED AN INCREASE IN TOTAL WORLD FOOD GRAINS TO AT LEAST 30 MILLION TONS OF WHEAT AND RICE, WITH THE UNITED STATES PREPARED TO HOLD A MAJOR SHARE.

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HE ALSO CALLED FOR CONSUMER-PRODUCER "FORUMS FOR EVERY KEY COMMODITY." HE SAID THIS WOULD BE IMPORTANT IN COPPER AND THAT THE UNITED STATES WAS READY TO SIGN AN INTERNATIONAL

AGREEMENT ON TIN. HE SAID THAT THIS COUNTRY WOULD ALSO PARTICIPATE AC TIVELY ON

COFFEE, COCOA AND SUGAR TO REDUCE "SWINGS IN PRICES AND SUPPLIES."

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